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Regional Diversity and Child Poverty: The case of Child Benefit and the need for joined up thinking.

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Regional Diversity and Child Poverty: The case of Child Benefit and the need for joined up thinking.

Abstract

This paper examines the impact regional diversity in household composition and income has on child poverty. With a focus upon Child Benefit we examine the degree to which regionally specific rates Child Benefit effect levels of inequality for households with children. Using data from the most recently available British Household Panel Study (BHPS) we demonstrate that the current system for Child Benefit acts as a regressive system of welfare. Moving towards a flat rate payment for all children is more progressive for all regions of the UK and for Wales and Northern Ireland a progressive system of higher payments for second and subsequent children is shown to have a still more progressive outcome. Further, we demonstrate that the Child Benefit system can provide an effective and flexible redistributive mechanism for addressing child poverty in a way that is currently not understood.

Keywords: Welfare, Household income, Child poverty, Child Benefit, BHPS, Gini coefficient,

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Introduction

The Labour government has, since 1997, placed poverty reduction at the centre of its policy agenda. The creation of a Social Exclusion Unit in the Offices of the Deputy Prime Minister in 1997 represented not simply the symbolic importance of poverty reduction in the area of social policy but a move to ensure poverty, and wider notions of social exclusion, remained a high priority (Walker, 1999). Child poverty, in particular, was one of the key areas identified for government action as child poverty rates in the UK soared in the twenty years to 1997 reaching one in three children. Government today claims significant success in this area suggesting to be responsible for some 700,000 less children living in poverty by 2002-3 than was the case in 1997 (SEU, 2004, p.8). Similarly, it is the case that the long term trend in rising child poverty rates have halted, at least temporarily. However, this is the most positive interpretation of the data. More objective authors have questioned this success, pointing out that the government's interpretation is the most positive spin possible on the data available and that high levels of child poverty and inequality remain (Brewer, Clark & Goodman, 2003; Brewer, Goodman, Shaw & Shepherd, 2005a).

Further, it is noted that the movement towards government's wider target of eliminating child poverty within a generation is likely to make slower progress. As Finnister (2001, p.25) points out moving those slightly below the poverty threshold to just above the threshold is a relatively painless task, in terms of government expenditure. Yet addressing more series levels of child poverty may become increasingly difficult. While Brewer, Clark & Goodman (2002, p.34) suggest the cost of lifting households up to the 60% median income poverty threshold, and thus removing the 'poverty gap', may be as little as 1% of GDP they suggest government concerns over the incentive effects of such an approach mitigates against such a solution. This is, as Horgan (2005) makes clear, a limitation of government policy focusing, as it does, on the shift from welfare to work. As such it fails to be sufficiently flexible and take account of either regionally specific factors, such as the supply of well paid employment, or the extent to which some are unable to access the 'welfare to work' route out of poverty and enter into employment for reasons such as disability, long term illness or carer responsibilities.

As will be demonstrated such inflexibility makes a mockery of the government's claim to have adopted 'a new approach' involving 'joint working between different agencies and evidence-based policy-making' (SEU, 2004, p.7). Indeed government's turn towards a more compulsory system of welfare to work may indeed be recognition of the limitations of the current system. As such, Tony Blair's statement that 'welfare will be a hand-up not a hand-out' underlies a shifting emphasis upon compulsion rather than provision in welfare policy (Blair, 1999, Callinicos, 2004).

This paper examines one aspect of this inflexibility, namely the impact regional diversity of household composition and income has on child poverty. With a focus

upon Child Benefit we examine the degree to which regionally specific rates of payment for Child Benefit effect levels of inequality for households with children. Using data from the most recently available British Household Panel Study (BHPS) we demonstrate that the current system for Child Benefit, with higher payments for the first child (£16.05 per week in 2003-04) and a lower payment for the second and subsequent child (£10.75 per week in 2003-04) acts as a regressive system of welfare, that is it increases inequality relative to other available choices. Moving towards a flat rate payment for all children, even within a constant budget, is more progressive for all regions of the UK and for Wales and Northern Ireland a progressive system of higher payments for second and subsequent children is shown to have a still more progressive outcome. Further, we demonstrate that the regional diversity of child poverty means that the Child Benefit system can provide an effective and flexible redistributive mechanism for addressing child poverty in a way that is currently not understood.

The rest of the paper is as follows; section 1 outlines current thinking in the area of child poverty, the role and changes of Child Benefit system since its introduction in 1946. Specifically we highlight its uniqueness in its universality as an anti-poverty initiative for families. Section 2 introduces the use the British Household Panel Survey (BHPS) for poverty related research and demonstrates the extent of regional diversity in household composition, household poverty and levels of inequality examined in this study. Section 3 outlines the use of the BHPS data set for this study and provides estimates for the potential changes in equality gained through changes to the Child Benefit system. In conclusion we highlight means by which government, either centrally or through the devolving of welfare policy to the devolved institutions in Wales, Northern Ireland and Scotland may operationalise these results.

Section 1: Child Poverty and Child Benefit

At the heart of contemporary debate over measures aimed at addressing child poverty has been the tension between measures which aim to enhance children's development and those which seek to invest for society's future. As Platt notes, it is increasingly the case that 'Their [children's] construction as children is subservient to their role as workers and citizens of the future' (2005, p.118). This tension in policy has led to a shifting balance between policies aimed at income redistribution and those aimed at facilitating, or even enforcing, social integration. Thus the social integrationist approach has aimed at focusing on barriers to inclusion rather than focusing upon material disadvantage (Pierson, 2002).

As a result much of the contemporary research on poverty continues to highlight the persistence of material poverty and the limits to which government policy has contributed to its reduction. Thus, while the numbers of individuals on low incomes, based upon a measure of absolute poverty, have been falling across the UK the Joseph Rowntree Foundation scathingly reports that 'neither an overt anti-poverty policy, nor even a commitment to poverty reduction, is required in order to record falls in this measure.' (Palmer, Carr and Kenway, 2004, p.10). Still more damming their evidence on Scotland shows that even this is not the case and that the continuation of high levels of poverty has been largely unresponsive to these UK wide changes (Palmer, Carr and Kenway, 2004). Less critically, the Institute

of Fiscal Studies suggests that although poverty levels have fallen for key groups such as pensioners and children it is not at a rate sufficient to meet government targets. Further, they also note that despite significant redistributive measures inequality remains at levels it was when New Labour came to power in 1997 (Brewer, Goodman, Shaw & Shepherd, 2005b)

The existence of such mixed results has also been the basis for criticism of government success on reducing child poverty. Thus, the Child Poverty Action Group sponsored *Ending Child Poverty by 2020* report published in 2004 could conclude that 'the challenge is to reduce child poverty by ensuring substantial, sustained improvements in the lives of poorer children, not by a methodological sleight of hand' (Dornan, 2004, p.74). Elsewhere, Mooney argues that in England and Scotland neither the Westminster nor the devolved government in Holyrood is likely to change patterns of poverty and indeed have adopted policies which run counter to their anti-poverty initiatives (Mooney, 2000). Similarly, Callinicos (2004) demonstrates the ideological inconsistencies in the market-based approach adopted by the successive Labour governments since 1997.

It may thus be an ideological division, based upon a resistance to redistributive polices, that has prevented government from recognising the potential child-poverty reducing impact of the Child Benefit system. Nevertheless, such an opportunity exists.

The origins of child benefit lie in the creation of a UK wide system of Family Allowances, as part of the Beveridge reforms introduced in 1946 under the 1945 Family Allowances Act, establishing payments for the second and subsequent child in a family. These allowances marked as Fraser notes, government recognising its responsibility of contributing to the cost of raising a family. In their original form they made a flat rate payment for each qualifying child of 5s. Their uniqueness, however, lies in their long-term popularity and universality as a measure aimed at supporting families. By the time of their introduction some 88% of potential claimants had registered for payments (Fraser, 1984, p.227). This popularity continued throughout their history with broad-based campaigns, backed by the trade unions, and ultimately successful in 1977 under the newly renamed system of Child Benefit, to extend family allowances payments to the first child (Alcock, 1993, p.230).

The popularity of the universality of Child Benefit further ensured that government attempts to remove it faltered. Instead successive government under the Thatcher years attempted to erode their significance via a failure to increase their value over time. Between 1985 and 1987 Child benefit increased from £7.00 per child to £7.25 per week and then remained at this level until April 1991. Despite their falling real value, the Major government was forced, by recognition of their continued popularity, to begin to increase their value in 1991 but in doing so introduced a distinction between levels of payment for the first child and levels of payment for subsequent children by increasing payments to the first child to £8.25 while the second and subsequent child's payment remained at £7.25. Further increased levels of payment for single parent families were also introduced which remained in place under the Lone Parent Payments until their abolition in 1998 (Lowe, 1993; p.313; CPAG, 2003, p.92; DWP, 2005). Thus to

date Child Benefit payments remain a universal benefit received by all families with a differential level of payment, a higher rate for the first child and a lower flat rate for the second and subsequent children.

Child Benefit's uniqueness lies in its universality. While other universal benefits now exist, particularly in the form of state pensions, Attendants Allowance and disability benefits Child Benefit was the first universal type benefit directed to families and remains the most widespread of family benefits covering all families with children. Although its levels are low, and therefore its redistributive impact is small, it nevertheless represents a significant contribution to household incomes for poorer families.

The extent to which Child Benefit can act to redistribute income to poorer households is dependent both upon the extent to which households with children experience poverty and the extent to which Child Benefit can reflect any differences in levels of poverty in households with children across the UK. As is well recognised, most recently for example, by the European Union Community Action Programme on Social Exclusion (2005) there is indeed a higher incidence of poverty for households with larger families compared to the population as a whole. However, while this is recognised by government less well established is the fact that this increased incidence of household poverty for larger family units exhibits clearly distinguishable differences across the UK.

The Social Exclusion Unit's own analysis of low income and multiple disadvantage from 1991-2001, for example, undertakes no analysis of regional differences within its 200 page statistical summary of the British Household Panel Study (Taylor, Berthoud & Jenkins, 2004). Indeed none of the Social Exclusion Units, studies in the *Breaking the Cycle* Series to date are focused upon regional aspects of poverty and social exclusion. Thus we therefore now turn to demonstrating not only that larger households are more likely to be poorer households but that there are significant differences in patterns of household composition across the UK. Prior to doing so, however, we need to briefly explain the importance of the BHPS for research into child poverty.

Section 2: Regional Diversity in family composition and poverty

The BHPS is accepted as a reliable source of data to examine issues of poverty. The SEU's own assessment of the BHPS indicates that the results derived from its analysis are broadly comparable to the Family Resource Survey (FRS), the survey utilised for the basis of Household Below Average Income statistics (Taylor, Berthoud & Jenkins, 2004, p.37). While there are inevitably some differences in poor households over time between the BHPS and the FRS these differences will not act to bias the results over the single year we adopt in this study.

The longitudinal aspect of the BHPS has been main focus for its use as a tool to assess poverty to date. Taylor, Berthoud and Jenkins (2004) utilised the longitudinal nature of the BHPS from 1991 to 2001 to examine the 'entrenchment hypothesis, namely the long term persistence of poverty in households. Their research demonstrated both positive and negative confirmation for the hypothesis both between household groups and between differing measures for poverty or

exclusion for each household group. Still more recently a volume solely devoted to examining the BHPS dataset has emerged. Within it Bell and Jack (2005) used the BHPS to assess differences between household income in Scotland and the rest of Great Britain. Their study found that there appears to be greater volatility in household incomes for Scotland (Bell and Jack, 2005, p.137). Similarly Gayle, jack and Wright (2005) have examined changing trends in absolute poverty within the UK, suggesting that differences arise from demographic rather than economic differences. More broadly still issues of health and gender have also been addressed using the BHPS (Ludbrook, Theodossiou & Gerova, 2005; Kostas, Theodossiou & Theodossiou, 2005). Elsewhere, analysis of a single year's survey data allowed Morelli and Seaman (2005) to highlight the advantages of universality as opposed to targeting in the provision of Free School Meals. Thus the BHPS is becoming increasingly recognised as a valuable dataset for the examination of household poverty and inequality.

By examining data from the most recently released wave of data from the British Household Panel Study (BHPS) in 2003, a survey of almost 10,000 households, it is possible to develop an understanding of the diversity of child poverty within the UK. We focus for the rest of our discussion on Scotland, Northern Ireland and Wales alongside three English regions, namely; South of England, the Midlands and North of England.[1] The three English regions are chosen as they demonstrate different characteristics with respect to family composition and household income. Although this gives rise to differences in sample sizes for each region, as will become clear the analysis is not sensitive to the choice of English regions.[2] As we see in Table 1 the proportion of households with children differs throughout the UK:

INSERT TABLE 1 HERE

It is well known that there are differences between single and multiple adult households in terms of the number of children they contain. However, this fact conceals some revealing regional differences. As Table 2 demonstrates the number of children per with children household varies markedly between areas within the UK. Thus, amongst single adult households, the average number of children is lowest in the South of England (1.53) and highest in Northern Ireland (1.92). Similarly, for multiple adult with children households the lowest average number of children per household is lowest in North of England (1.71) but again highest in Northern Ireland (1.95).

INSERT TABLE 2 HERE

[1] The three English regions are composed of: England -South (Inner London, Outer London, Rest of the South East, South West, East Anglia), England – Midlands (the West Midlands Conurbation, the rest of the West Midlands and the East Midlands) and England – North (Greater Manchester, Merseyside, the rest of the North West, South Yorkshire, West Yorkshire, the rest of Yorkshire and Humberside, Tyne and Weir and the rest of the North East).

[2] A greater level of disaggregating would cause sample size bias.

Thus Northern Ireland is both most likely to have children (Table 1) and if they do, their households are likely to have more children than households anywhere else in the UK (Table 2). The BHPS, however, allows us to go further in this analysis of family composition. Table 3 shows the percentage of households with children with one, two, three and more than three children. Some rather striking differences are apparent; thus, if one takes the European Commission's standard for large families (Community Action Programme on Social Exclusion, 2005), three or more children, as an indication of a 'large' family, then large families account for only 12.9% of North of England 'with-children' households, 14.3% of South of England 'with-children' households, and a rather substantial 24.5% of N. Ireland 'with-children' households. The figures of 18.0% and 17.8% for the English Midlands and Wales respectively are also a little higher than elsewhere. Thus if household poverty is positively related to the number of children within a household we expect to find the incidence of household poverty rises as we move from the North of England through to the South East, Scotland, Wales, the East Midlands and finally to Northern Ireland.

INSERT TABLE 3 HERE

Further when we consider that the BHPS also allows us to examine household income we note that, as shown in Table 4, average household income, when adjusted for size of household using a McClements scale, shows a wide variation across Scotland, Northern Ireland, Wales and the English regions. Thus the area of the UK with lowest average income, Wales, has barely 76% of that of the richest English region, South England. When we consider this in conjunction with the higher costs of larger families, as shown in Table 5, we note that larger households average monthly income falls by almost 40% when adjusted for family size using a scale such as the McClements scale.

INSERT TABLE 4 & 5 HERE

Thus larger families are more likely to be found in the areas of the UK in which average household income is lower and similarly are to find themselves incurring costs which reduce their average household income in real terms relative to those of smaller households. Thus we have evidence that child poverty rates exhibit clearly distinct variation across the UK.

The BHPS data further allows us to raise the question of to 'what extent do benefits, such as Child Benefit, act to minimise child poverty across the UK'? The following section analyses the impact of Child Benefit for families with children via the impact changes in the level of Child Benefit has for the Gini Coefficient across the different areas of the UK.[3]

Section 3: Evidence for Progressivity

[3] Gini coefficients are a measure of equality across an income distribution. Valued from zero (total equality across the distribution) to 1 (total inequality across the distribution) the movement up or down represents increasing or decreasing levels of equality.

The BHPS provides data on both the number of children in a household and their age. This combined with our knowledge of the benefit received under Child Benefit entitlement permits us to calculate the total Child Benefit budget for the sample. This budget can then be re-allocated across households in a wide variety of ways.

Table 6 shows the impact of changing Child Benefit from the current system of entitlement £16.05 per week for the first child and £10.75 per week for the second and subsequent child in 2003-04 to a system with varying payments ranging from the second and subsequent children receiving 90% of the previous child's entitlement right the way through to a system whereby the second and subsequent children receive 180% of the previous child's entitlement. It should be noted that the budget for the reallocated entitlements is based upon the total current budget for Child Benefit. Therefore increasing the gradient necessitates a lower value for the initial child's entitlement.

Row one shows the gini coefficients for each area of the UK under the current system while row two shows, for comparison, the gini coefficient for a system of no provision for Child Benefit. Unsurprisingly, as can be seen the current system of Child Benefit is more progressive than no provision with a reduction of inequality from 0.38830 to 0.38344 across the UK as a whole.
The current system however is not the most equal method of allocating the Child Benefit budget and generates higher levels of inequality than any other system of entitlement available. As suggested above the current system acts as a regressive system of child support. As we see from column 8 the current system generates a gini coefficient of 0.38344 across the UK as a whole. Yet any alternative allocation of entitlement ranging from an entitlement of 95% of the previous child's entitlement for the subsequent child right up to 180% entitlement generates greater equality across the UK as a whole. This range of entitlement is also the case in all six areas, except the Midlands and the North of England where the upper bound of entitlement is 145% and 140% respectively. Thus a wide range of alternative entitlements are available to improve equality.

Most importantly, a flat rate system of Child Benefit, with all children receiving the same entitlement, generates greater equality across Scotland, Northern Ireland, Wales and all the three English regions. However, we can also note that inequality is minimised around the 95% of entitlement for subsequent children in Scotland and the three English regions, whereas for Northern Ireland and Wales inequality is minimised at the 175% and 130% of entitlement levels.

Figure 1 shows this same data but highlights graphically the wide range of values for which inequality is minimised. Again, it specifically highlights the distinct nature of Northern Ireland and Wales where a wide range of values for which a declining gini coefficient is available to achieve an improvement in equality.

INSERT FIGURE 1 HERE

The results of this section strongly indicate that a shift towards a flat rate system of Child Benefit for Scotland and the English regions would have a positive effect

on child poverty. Further the combination of low average household income and concentration of large families in Northern Ireland and to a lesser extent Wales would lead to a further conclusion that a still more progressive change, with increasing payments for second and subsequent children, would have a still more positive impact on child poverty.

These findings give rise to the further observation that Child Benefit may act as a effective mechanism for addressing differential levels of child poverty across the UK. In the analysis above the budget for Child Benefit remained static, at its current level. The results derive therefore from a reallocation of existing monies between families. However, if the budget restriction were relaxed it would be expected to have a differential effect across the UK. This is exactly, the issue addressed by the data in Table 7 and Figure 2. Taking, for simplicity, a flat rate system of Child Benefit for the whole of the UK Table 7 and Figure 2 demonstrates the impact of relaxing the restriction on the Child Benefit budget.

Starting with a budget of 50% of the current budget and increasing entitlement in 5% increments up to 100% of the existing budget and then continuing further to 200% of the existing budget we can see the impact of relaxing the budget constraint.[4] Table 7 demonstrates, as expected, that for each area of the UK gini coefficients fall as entitlement increases. Greater funding is being awarded to larger families, who are more likely to be on the left hand side of the income distribution and hence the standard distribution falls giving rise to greater equality and a lower gini coefficient. Figure 2 demonstrates that this change appears to be a linear change, but with differential gradients for different areas of the UK. Figure 2 highlights that as entitlement increases the gini coefficient for Northern Ireland and, to a lesser extent, Wales falls at a more rapid rate than for Scotland or the English regions. The conclusion from this therefore is clear, increasing the Child Benefit budget has a noticeably differential impact across the UK. The largest gainers in this change are those areas of the UK, Northern Ireland and Wales, because they are also the areas with the highest levels of child poverty in larger families. This differential impact thus means that Child Benefit can be used as an effective instrument for a progressive redistribution of income and a flexible instrument which redistributes income to areas of the UK with greatest incidence of child poverty.

Conclusion

This paper started with a recognition of government initiatives in the area of child poverty but suggested that there are important inconsistencies within their current approach. Highlighting the importance of family size for child poverty rates and regional diversity in household composition we indicated that child poverty reduction measures fail to reflect the diversity of populations across the UK.

This paper demonstrates that the current system of Child Benefit fails to address child poverty adequately. Even within the existing budget, thus a revenue neutral

[4] For the sake of clarity we have removed the results between 55-70% and 180-195% of the existing budget from table 7.

change, we could see an improvement in equality across the UK. Moving towards a more progressive system of Child Benefit, with flat rate payments in Scotland and the English regions and a still more progressive system of entitlement in Northern Ireland and Wales would be a more effective child poverty reducing measure than the current system

However, there are two objections to be raised to these findings. First, a policy of cutting existing Child Benefit for families with one child is unlikely to find favour amongst government, concerned as it is with votes, even if it is a poverty reducing measure. In response to this point we would suggest that government might instead increase payments to second and subsequent children at a greater rate than for first children as a positive step in the direction of equality.

The second objection would be the impact such changes might have on single parent households. Single parent households are known to face an even higher risk of poverty than large families (Brewer, Goodman, Shaw & Shepherd, 2005a: Community Action on Social Exclusion, 2005). Any movement towards altering the budget for single parent households might therefore disproportionately impact on this group. The points to make on this are two fold. First, we should not mistake single parent households for single child households. The analysis above relates to changes in households with one child rather than one parent. Where single parent households contain more than one child the analysis above would imply increasing income to the household in comparison to the current system. As we see in Table 2 while it is the case that single parent households have on average less children than multiple adult households in Scotland and the three English regions, in Wales it is the reverse and in Northern Ireland the two groups are almost equal. Second, the discussion above does not preclude measures specifically directed at single adult households such as the re-introduction of Lone Parent Payments, to address this issue.

This paper has further demonstrated that Child Benefit has the potential to act as a flexible method of targeting child poverty in the poorest areas of the UK in that increases in Child Benefit disproportionately impacts on households in the poorest areas of the UK. Attempts by government to undermine its significance by failing to increase its value, in either absolute or relative terms, acts both to produce increasing levels of inequality across the UK and to effect the poorest areas disproportionately. Indeed, our results suggest that the popularity and support for a universal benefit, such as Child Benefit, is not misplaced.

The final issue not discussed above remains how feasible are differential levels of Child Benefit across the UK? We suggest implementation of such changes would be relatively easy. Both Northern Ireland and Wales, with their respective devolved institutions, could readily act as a mechanism for the distribution of Child Benefit, at rates determined by their devolved institutions, if powers for welfare budgets were devolved from Westminster. Alternatively, the Department for Work and Pensions could easily institute differential levels of payments for recipients in Northern Ireland and Wales. All that is required is joined up thinking.

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Table 1 UK Household Composition						
	England South	England Midlands	England North	Wales	Scotland	N. Ireland
Number of Households	1,978	810	1,284	1,509	1,734	1,699
Percentage of households with children	28.21	32.50	29.45	31.04	29.67	33.77
Source: British Household Panel Study (2003)						

Table 2 Average number of children in 'with children' households						
	England - South	England - Midlands	England North	Wales	Scotland	N. Ireland
One adult	1.53	1.63	1.59	1.86	1.63	1.92
Multiple adults	1.77	1.84	1.71	1.78	1.74	1.95
All households	1.74	1.81	1.69	1.79	1.72	1.95
Source: British Household Panel Study (2003)						

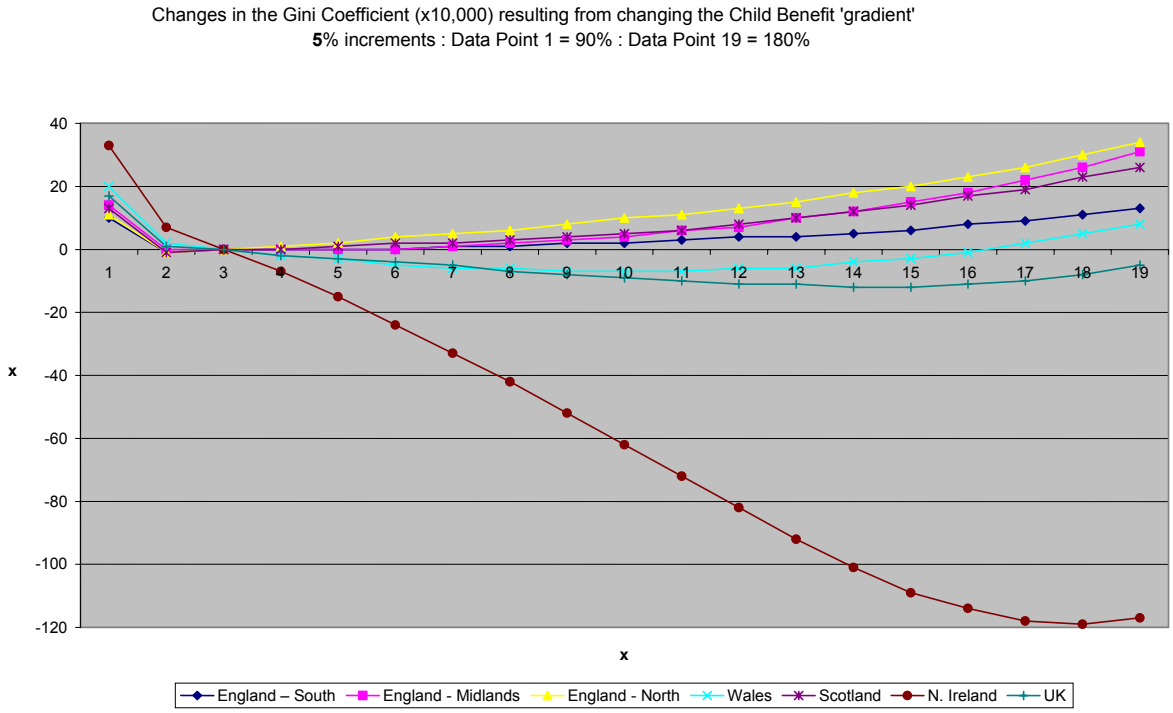
Table 3 Percentage of households with 'x' children						
	England South	England Midlands	England North	Wales	Scotland	N. Ireland
One child	44.1	41.0	46.2	41.6	45.7	41.3
Two children	41.6	41.0	40.9	40.7	39.4	34.3
Three children	11.8	14.9	11.1	14.8	12.0	16.9
> Three children	2.5	3.1	1.8	3.0	3.0	7.6
Source: British Household Panel Study (2003)						

Table 4 Average McClement Score Adjusted Monthly Household Income (With-children households only)						
	England – South	England - Midlands	England - North	Wales	Scotland	N. Ireland
Monthly Income	2,161	1,932	1,843	1,642	1,831	1,733
Source: British Household Panel Study (2003)						

Table 5 Distribution of Monthly Household Income by Family Composition				
Number of children in household	Number of households	Average monthly income (raw data)	Average monthly income (McClements adjusted data)	Percentage gain / loss due to adjustment
0	6,298	£1,827	£1,945	+6.46%
1	1,279	£2,517	£1,996	-20.70%
2	1,208	£2,582	£1,833	-29.01%
3 or more	561	£2,441	£1,474	-39.61%
Source: Morelli & Seaman (2005), Tables 1 & 3				

Table 6 Changing the gradient in the Child Benefit system under a constant budget							
	England – South	England - Midlands	England - North	Wales	Scotland	N. Ireland	UK
UK Wide System							
Current child benefit system	0.39117	0.35753	0.37620	0.35339	0.38577	0.38771	0.38344
No child benefit system	0.39485	0.36261	0.38066	0.35825	0.39033	0.39435	0.38830
90% gradient	0.39103	0.35758	0.37620	0.35274	0.38551	0.38778	0.38328
95% gradient	0.39092	0.35744	0.37608	0.35256	0.38537	0.38752	0.38312
Flat rate child benefit system	0.39093	0.35744	0.37609	0.35254	0.38538	0.38745	0.38311
105% gradient	0.39093	0.35744	0.37610	0.35252	0.38538	0.38738	0.38309
110% gradient	0.39093	0.35744	0.37611	0.35251	0.38539	0.38730	0.38308
115% gradient	0.39093	0.35744	0.37613	0.35249	0.38540	0.38721	0.38307
120% gradient	0.39094	0.35745	0.37614	0.35248	0.38540	0.38712	0.38306
125% gradient	0.39094	0.35746	0.37615	0.35248	0.38541	0.38703	0.38304
130% gradient	0.39095	0.35747	0.37617	0.35247	0.38542	0.38693	0.38303
135% gradient	0.39095	0.35748	0.37619	0.35247	0.38543	0.38683	0.38302
140% gradient	0.39096	0.35750	0.37620	0.35247	0.38544	0.38673	0.38301
145% gradient	0.39097	0.35751	0.37622	0.35248	0.38546	0.38663	0.38300
150% gradient	0.39097	0.35754	0.37624	0.35248	0.38548	0.38653	0.38300
155% gradient	0.39098	0.35756	0.37627	0.35250	0.38550	0.38644	0.38299
160% gradient	0.39099	0.35759	0.37629	0.35251	0.38552	0.38636	0.38299
165% gradient	0.39101	0.35762	0.37632	0.35253	0.38555	0.38631	0.38300
170% gradient	0.39102	0.35766	0.37635	0.35256	0.38557	0.38627	0.38301
175% gradient	0.39104	0.35770	0.37639	0.35259	0.38561	0.38626	0.38303
180% gradient	0.39106	0.35775	0.37643	0.35262	0.38564	0.38628	0.38306
Gini reaches its minimum	95	95	95	130	95	175	125
Gini starts to rise again at	100	120	100	145	100	180	130
Source: British Household Panel Study (2003)							

Figure 1



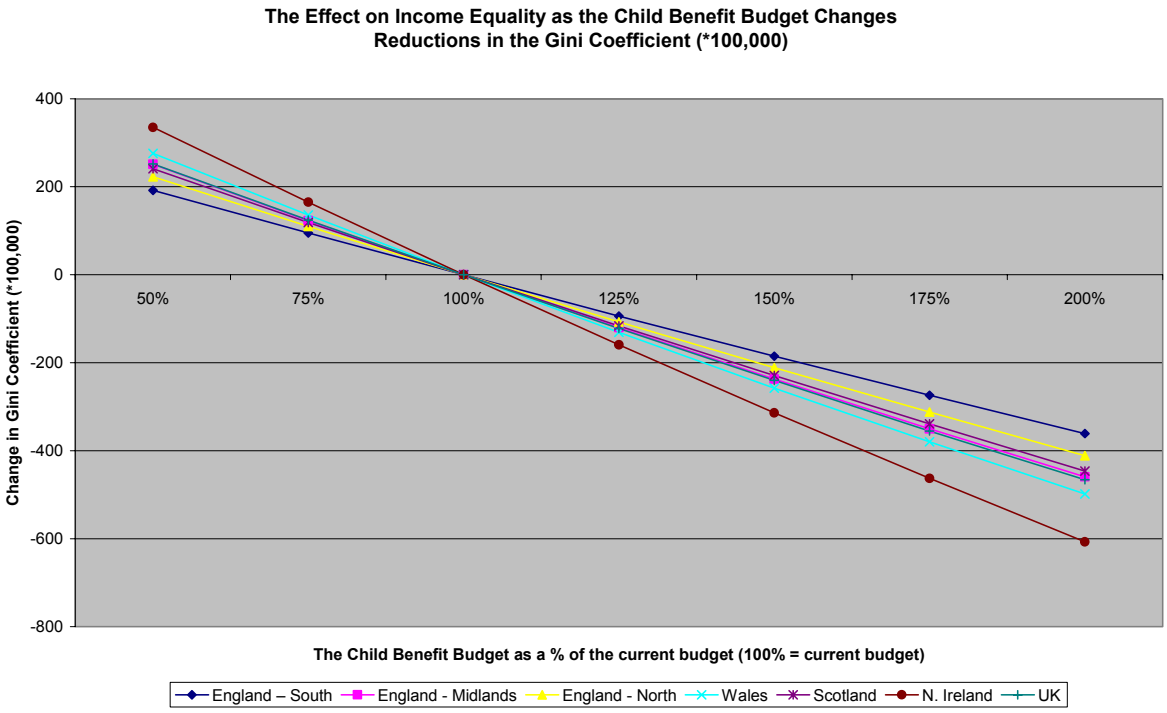
Source: British Household Panel Study (2003)

Table 7 Impact on Gini Coefficients from changing the budget of the Child Benefit system

	England – South	England - Midlands	England - North	Wales	Scotland	N. Ireland	UK
budget = 50% of current	0.39285	0.35995	0.37832	0.35530	0.38779	0.39080	0.38563
75%	0.39188	0.35867	0.37719	0.35390	0.38657	0.38910	0.38435
80%	0.39169	0.35842	0.37697	0.35362	0.38633	0.38877	0.38410
85%	0.39149	0.35817	0.37675	0.35335	0.38609	0.38843	0.38385
90%	0.39130	0.35793	0.37653	0.35308	0.38585	0.38810	0.38360
95%	0.39111	0.35768	0.37631	0.35281	0.38561	0.38778	0.38335
100%	0.39093	0.35744	0.37609	0.35254	0.38538	0.38745	0.38311
105%	0.39074	0.35719	0.37587	0.35227	0.38514	0.38713	0.38286
110%	0.39055	0.35695	0.37566	0.35201	0.38491	0.38681	0.38262
115%	0.39036	0.35671	0.37545	0.35175	0.38468	0.38649	0.38237
120%	0.39018	0.35647	0.37523	0.35149	0.38445	0.38617	0.38213
125%	0.38999	0.35624	0.37502	0.35123	0.38422	0.38586	0.38189
150%	0.38908	0.35507	0.37398	0.34996	0.38309	0.38431	0.38071
175%	0.38819	0.35394	0.37297	0.34874	0.38199	0.38282	0.37956
200%	0.38732	0.35285	0.37198	0.34756	0.38092	0.38138	0.37845

Source: British Household Panel Study (2003)

Figure 2



Source: British Household Panel Study (2003)